GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

G.O.MS.No. 130 Dated: 24-07-2025

==========

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (BUDGET) DEPARTMENT

G.O.Ms.No. Dated.24.07.2025.
Read the following:-

1) Loan Agreement entered into by HUDCO and Nellore Municipal Corporation, dated:31.5.2015.
2) G.O. Ms. No. 272, MA & UD (Bud) Dept., dt:18.12.2015
3) G.O. Rt. No. 819, MA & UD (Bud) Dept., dt:28.12.2015
4) From the Chief Engineer(Public Health), AP., Guntur Lr.No.87/T4/A1 /NLR(W)/WSIS/HUDCO/2016, dated:06.09.2016.
5) From Dy.General Manager (Law), HUDCO, Lr.No.HUDCO/ VRO/NMC/SchmeNo.20760&20761/2016, dt:20.09.2016.
6) G.O.Ms.No.256, MA&UD (Bud) Department, Dated:21.10.2016.
7) From the Commissioner, Municipal Corporation, Nellore, Lr.Roc.No.4/ Engg/NMC/2025, Dated:04.06.2025 & 16.06.2025

***

ORDER:

Government vide G.O. 6th read above, have issued orders to extend the State Government Guarantee for the two HUDCO Loans i.e., Rs.475.00 Crores (Rupees Four Hundred and Seventy Five Crores only) for Comprehensive Water Supply Improvement Scheme and Rs.520.00 Cr. (Rupees Five Hundred Twenty Crores only) for Under Ground Drainage Scheme for Nellore Municipal Corporation as per the terms and conditions of the Loan Agreements already entered into between the Nellore Municipal Corporation and HUDCO.

2. In the reference 7th read above, the Commissioner, Municipal Corporation, Nellore, in his letter dated 04.06.2025, has requested the Government to sanction an amount of Rs.180.19 Crores as a special grant under special case to clear the pending payments to both the contracting agencies to provide uninterrupted water supply to the denizens of Nellore Municipal Corporation and to prevent health hazards of the public by providing sufficient number of sewerage connections.

Contd...2

In reference 7th read above, the Commissioner, Municipal Corporation, Nellore, in his letter dated 16.06.2025, has also requested that the Government accord necessary permissions for obtaining balance loan amount of Rs.165.00 Crores from

HUDCO, so as to meet the expenditure towards already completed works of comprehensive Water Supply and UGD Scheme.

3. Government, in the above circumstances, and after careful examination of the matter hereby permit drawal of the balance HUDCO loan of amount of Rs.165.00 Crore, in lieu of their earlier request for sanction of a special grant of ₹180.19 crore , subject to strict adherence to the financial conditions stated below:

a) The following is the tentative calculation of State Government share towards HUDCO loan repayment with considering the release of balance of Rs.165.00 cr under Scenario-II. The Corporation shall give consent for the servicing of the balance part of the loan as per below mentioned share and schedule:-

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
State Govt. Share with utilization of Rs.165 cr balance HUDCO Loan	126.25	87.00	57.00	25.00	NIl
ULB Contribution with utilization of Rs.165 cr balance HUDCO loan	Nil	30.56	51.56	75.19	79.45

(b) Nellore Municipal corporation is to prepare Financial Model for the entire project, including the newly proposed 12 MLD industrial water supply scheme and duly enter into the Water supply agreements with water charges properly calculated and including necessary escalation year on year. It is to be noted that project has been originally proposed with an estimate of Rs.20 crore and hence the project cost shall be projected on economical basis.

(c) The Council resolutions that have been already obtained for the revised connection charges, monthly tariffs/user fees proposed for both water and UGD projects, and the 15% annual escalation of those tariffs/fees shall be collected and deposited to the escrow account for the timely servicing of the loan.

(d) The Nellore Municipal Corporation Shall ring-fence the revenues from water and sewerage service into a separate account duly creating an Escrow Account. In this regard the Corporation shall take all immediate action required to start the escrow account along with HUDCO.

(e) Nellore Municipal corporation may raise debt against the revenue stream of connection charges and part of the revenues.

Contd...3

(f) As regards the budget support, it is clear that the project is commercially viable, though over a long period of time. Therefore, the budget support for the three years (2021-22 to 2023-24) and any further

budgetary support shall be given as an interest free project loan to the Corporation and shall be recovered in equal installments from the future devolutions and transfers to the Corporation from 2030-31 to 2039-2040.

4. The Engineer in Chief(PH), Tadepalli / the Commissioner, Nellore Municipal Corporation shall take further necessary action in consultation with HUDCO Authorities as per rules in force and furnish the action taken report to the Government.

5. This order issued with the concurrence of the Finance Department vide their U.O No.FIN01-FMU0ASD/58/2021, Dated 21.07.2025.

(BY ORDER AND IN THE NAME OF THE GOVENOR OF ANDHRA PRADESH)

S SURESH KUMAR
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Engineer in Chief (Public Health), Tadepalli.
The Commissioner & Director of Municipal Administration, A.P., Vaddeswaram.
The Commissioner, Municipal Corporation, Nellore.
The Dy.General Manager (Law), Housing Urban Development Corporation (HUDCO), India Habitat Centre, Lodhi Road, New Delhi - 110 003.
Copy to:
The Principal Accountant General, A.P., Ibrahimpatnam.
The Director of Treasuries and Accounts, AP., Guntur.
The P.S. to Hon'ble Minister (MA).
The P.S. to Prl. Secretary to Government, MA & UD Department.
The GA (Cabinet) Department, Secretariat, AP., Velagapudi.
Sf/Sc

// FORWARDED :: BY ORDER //

SECTION OFFICER